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on the role of territorial cohesion in regional development
(2004/2256(INI))

Committee on Regional Development

Rapporteur: Ambroise Guellec

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the role of territorial cohesion in regional development (2004/2256(INI))

The European Parliament,

- having regard to the Treaty establishing a Constitution for Europe, and in particular to Articles I-3, I-14, II-96, III-220, III-363, paragraph 3 and Article 8 of the Protocol on the application of the principles of subsidiarity and proportionality,
- having regard to the Treaty on European Union and the Treaty establishing the European Community, as amended by the Single European Act and the Treaties of Maastricht, Amsterdam and Nice, and in particular Articles 158 and 159 of the Treaty establishing the European Community,
- having regard to its resolutions of 7 February 2002¹ and 22 April 2004² respectively on the Commission's Second and Third reports on economic and social cohesion,
- having regard to its resolution of 2 September 2003³ on structurally disadvantaged regions (islands, mountain regions, regions with low population density) in the context of cohesion policy, and their institutional prospects,
- having regard to its resolution of 29 June 1995⁴ on the Commission document 'Europe 2000+, Cooperation for European territorial development',
- having regard to the European Spatial Development Perspective (ESDP) adopted in Potsdam in 1999 by the Informal Council of EU Ministers responsible for Spatial Planning,
- having regard to the White Paper on European Governance adopted by the Commission in July 2001,
- having regard to the opinion of the Committee of the Regions of 10 April 2003 on "Territorial cohesion in Europe",
- having regard to the reports of the European Spatial Planning Observatory Network (ESPON), including that of 2004 on territorial cohesion and the spring 2005 interim report entitled 'In search of territorial potentials',
- having regard to the study carried out in February 2005 by Notre Europe, at the request of the Committee on Regional Development, on the future of the cohesion policy,
- having regard to the conclusions of the informal Council of Ministers responsible for

¹ OJ C 284E, 21.11.2002, p. 329.

² OJ C 104 E, 30.4.2004, p. 1000.

³ OJ C 76 E, 25.3.2004, p. 111.

⁴ OJ C 183, 17.7.1995, p. 39.

spatial planning held on 29 November 2004 in Rotterdam,

- having regard to the conclusions of the informal Council of Ministers on regional policy and territorial cohesion of 20 and 21 May 2005, and its intention to draft by 2007 a document entitled ‘The Territorial State and Perspectives of the European Union’,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on Regional Development (A6-0251/2005),
- A. whereas cohesion, since it aims to promote harmonious and uniform development throughout the territory of the EU, represents one of the strategic objectives of the Union, and whereas, following enlargement, the Union must further enhance the effectiveness of cohesion policy, given the much greater disparities which are becoming apparent in the Community of 25 Member States,
- B. whereas territorial cohesion is becoming a new objective of the Union and enriches the objective of economic and social cohesion by giving it a transversal dimension applicable to the whole territory and all Community policies,
- C. whereas a territorial cohesion policy at EU level is of crucial importance for the development of the Union by supplying a fundamental “Community Added Value,” which is capable of enhancing sustainable development prospects,
- D. whereas the ultimate aim of territorial cohesion is to ensure that the territory as a whole develops to the maximum extent, avoiding geographical concentrations of activities, and to improve the conditions of life for all those who live there, guaranteeing in particular equality between men and women,
- E. whereas regional natural resources and their industrial processing are of great importance for the development of the regions but also for the European Union as a whole, and consequently benefit all citizens of the Union,
- F. whereas it is necessary to incorporate the territorial dimension into Community policies, given the real impact of sectorial policies – particularly transport, environment, competition and research policy – on the territory of the Union,
- G. whereas the mid-term review of the Lisbon and Gothenburg strategies was relatively disappointing as regards the possibility of including the territorial dimension in the EU’s priority objectives,
- H. whereas the method for setting the Community’s strategic guidelines on cohesion policy now includes territorial cohesion as a purpose for which the Funds may intervene,
1. Considers that territorial cohesion is a fundamental objective of regional planning in the Union and provides the *raison d’être* for regional development policy;
 2. Notes that territorial cohesion is based on the principle of equity between citizens, wherever they live in the Union;

3. Calls, therefore, for regional development to be founded on programmes which guarantee equality of treatment between the EU's territories, while preserving their diversity, which notably implies appropriate accessibility of services of general interest (SGI) and services of general economic interest (SGEI);
4. Calls for the territorial dimension to be considered as a major element in the Lisbon and Gothenburg strategies;
5. Reiterates that the harmonious development of the whole territory of the EU must be founded on the application of a polycentric spatial development model, parity of access to infrastructure and knowledge and wise management of the natural and cultural heritage, as proposed by the ESDP;
6. Urges that initial priority should be given to combatting distortions between the centre and the periphery and disparities at sub-national level, so as to strengthen cohesion;
7. Stresses, with this in mind, the importance of cooperation and partnership between urban centres, suburban areas, and the countryside, particularly those with specific disadvantages;
8. Further stresses the role of towns, particularly small and medium-sized towns, as a specially important motor for growth and territorial balance;
9. Calls for a boost to be given to all dimensions of territorial cooperation, whether cross-border, trans-national or inter-regional;
10. Hopes for the implementation of a mechanism for cross-fertilisation between sector-specific policies with a major impact on the development of the EU's territories and regional development policy;
11. Calls for the measures advocated in the July 2001 White Paper on European Governance to be put into practice with a view to achieving genuine multi-level and multi-sectoral governance with enhanced cooperation between territorial actors at three levels: regional, national and European; considers that this cooperation should be based on the principle of partnership with all appropriate parties;
12. Reaffirms that the principle of "One Fund per Programme" makes it possible to strengthen the integrated approach of the cohesion policy, and is at the very heart of the policy of territorial cohesion;
13. Calls, with a view to measuring the development of the regions and evaluating objectively the obstacles – and in particular the specific territorial disadvantages - in its way, for the adoption, alongside GDP, of new territorial indicators, namely the decentralisation and accessibility index, infrastructure and transport provision, research/ innovation, education and training activity, level of diversification of productivity in the area, and unemployment rate;
14. Calls on the Commission to establish a system for checking the impact of the various Community policies on territorial cohesion within the Union and stresses the role of the

European Parliament in the process of further evaluation of the outcomes;

15. Reiterates the call made in the Third Cohesion Report of February 2004 for Parliament and the Council to adopt a "Community Cohesion Strategy", which would set out clear priorities and concrete guidelines for the States and regions, forming the regional plank of the Union's sustainable development strategy, based on the principles and policy aims of the ESDP;
16. Calls, finally, on the Commission to draw up before 2007 a White Paper on the objective of territorial cohesion, indicating, in particular, how this objective is to be incorporated in the national strategic plan of each Member State;
17. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

Introduction

Terminology

The term “territorial cohesion” expresses the objective of a balanced and sustainable development of the EU at territorial level. The notion of territorial cohesion derives from, and is an extension of, that of social and economic cohesion, enriching it by supplying it with a transversal dimension namely the territorial dimension.

As a political objective, it seeks to promote the harmonious and balanced development of the European Union as a whole, by incorporating the territorial dimension into Community policies.

The territorial dimension of cohesion presupposes the organisation of space at Community level, with a view to achieving a genuine European spatial planning, particularly as regards the management of networks and services, whether material or intangible.

Evolution of the concept of territorial cohesion

The Single European Act first introduced the requirement to reduce disparities among the territories of the EU. However, the successive reforms of the Treaties ignored the territorial dimension of cohesion.

Although the Treaty of Amsterdam mentioned territorial cohesion, it did not place it in the chapter on economic and social cohesion but in the article on services of economic interest: this is why territorial cohesion has not acquired the practical and effective dimension it needs. In the Treaty establishing a Constitution for Europe, economic, social and territorial cohesion (ESTC) becomes an essential objective of the European Union. Moreover, Article III-220 (“In order to promote its overall harmonious development, the Union shall develop and pursue its action leading to the strengthening of its economic, social and territorial cohesion.”) accords a central place among EU policies to ESTC, since it aims at the overall harmonious development of the Union. Over the past few years, the notion of territorial cohesion has been gradually taken up in various European Parliament resolutions¹, but in a minimalist way, drawing attention to the areas which have been most neglected by regional development (rural areas, remote, mountainous or island areas or areas with permanent disadvantages). In Parliament’s most recent resolutions (particularly the resolution on the Third Report on Cohesion Policy²), the concept of territorial cohesion has recovered some lost ground and is becoming a genuine tool for regional development for the whole territory of the EU.

I. Territorial cohesion: from idea to reality - the Lisbon Way

1. Definition

Towards a common project

The first formal attempt at a definition comes from the Commission, its third report on social and economic cohesion: “*The concept of territorial cohesion extends beyond the notion of economic and social cohesion by both adding to this and reinforcing it. In policy terms, the*

¹ T4-0399/1998, 2 July 1998 on Town and country planning and the EDSP; T5-0474/2001 of 20 September 2001 on the Structural Funds; T5-0060 of 7 February 2002 on Economic and social cohesion: 2nd report.

² T5-0368/2004, 22 April 2004, Third Report on Economic and Social Cohesion.

objective is to help achieve a more balanced development by reducing existing disparities, preventing territorial imbalances and by making both sectoral policies which have a spatial impact and regional policy more coherent. The concern is also to improve territorial integration and encourage cooperation between regions.”

Next, the conclusions of the Informal Council of EU Ministers responsible for Spatial Planning, in Rotterdam in November 2004, specified that *territorial cohesion makes it possible to realise the objective of balanced and sustainable development of the EU in territorial terms, and that the concept combines multi-sectorial and multi-level dimensions.* This concept now has to be fleshed out and **put into operation** so that the 25 Member States can converge on one common project, seeking to achieve genuine coordination in European spatial planning. In fact there is now an inexorable need for territorial cohesion given the new challenges to the EU, namely the success of enlargement and the increase of its global competitiveness.

From a practical point of view, territorial cohesion is ready to be put into operation, since political will has already rendered possible the coordination required for its implementation. The aim is not to create a hierarchical territorial policy distinct from the EU, but to *incorporate* the territorial dimension into Community policies without adding further administrative or legal constraints.

Equality of opportunity throughout the territory

Territorial cohesion reflects the **principle of the fair treatment of citizens, wherever they live**, which implies measures seeking to establish equality of treatment between the EU's territories, taking account in particular of the diversity of their geographical and demographic situations. Accordingly, the notion of territorial cohesion must be valid throughout the Union.

2. Territorial challenges

Integration without uniformity

The territory of the EU is characterised by a wide geographical and cultural diversity in a small space. This distinguishes it from other large economic areas of the world such as the USA, Japan and Mercosur. This diversity, which has the potential to be one of the EU's main growth factors, must be preserved as European integration progresses. Accordingly, the policies which affect the spatial and urban structure of the EU must promote the territorial continuity of the union without imposing uniformity on local and regional identities, since these contribute to enriching the quality of life for everyone.

The emerging European territory does not do away with national, regional or local territories, far from it, since the aim of spatial planning at European level is to take each specific characteristic and optimise it as a source of growth.

Thus, in place of the reductionist notion of development restricted to the cross-border dimension, territorial cohesion implies the overarching idea of **fair and equal treatment for the whole territory**.

Multicentric development

There is at present only one large geographical area which is economically integrated and of world importance: the heart of the EU defined by the metropolises of London, Paris, Milan, Munich and Hamburg.

With eastward enlargement, the challenge of cohesion takes on a new dimension, since the

EU has never been faced with such a sudden worsening of regional disparities. If spatial development continues to be concentrated on a single dynamic integration area of world importance, this will not encourage the reduction of disparities between the centre and the continually expanding fringes. The concentration of wealth in one-seventh of the Community's total area may seriously impede longer-term integration, since it implies the under-exploitation of the resources present in the majority of the territory which makes up the peripheral regions.

With that in mind, the **development of a multicentric model** (as opposed to a centre-and-fringes development model) must form a key element in the Union's territorial cohesion strategy. The European Spatial Development Perspective (ESDP) adopted in May 1999 by the Informal Council of EU Ministers responsible for Spatial Planning represents a solid basis for a commitment to the effective planning of Europe's territory.

Strategic importance of urban centres

Cohesion policy must not only reach the poorest regions in specific locations (such as very remote, island, mountain or underpopulated regions) and enhance regional cooperation in its cross-border, transnational and inter-regional dimensions, but must also **improve coordination between urban centres and rural and remote areas**; towns of all sizes must be considered as essential factors in the growth of wider areas.

New territorial indicators

New territorial criteria and indicators, in addition to GDP, should be devised to measure the development of a region and the obstacles in its way, such as specific territorial disadvantages, degree of remoteness and accessibility, infrastructure and transport provision, level of activity in terms of research and innovation, education and training, and level of diversification of the area's productivity.

3. Delivering territorial cohesion

Putting territorial cohesion at the heart of the Lisbon and Gothenburg strategies

Territory is a strategic factor in any integrated approach to sustainable development. It forms the best framework for reconciling the three aspects: competitiveness, social cohesion and the environment. It is now time for cohesion policy to be included among the strategic guidelines defined at Community level, and for the Lisbon and Gothenburg strategies to be implemented on a regional and territorial basis.

The progress achieved in connection with the Lisbon strategy is relatively disappointing. Over the last four years, sustainable economic growth in the EU has been much lower than in other industrialised countries or emerging economies. The diversity and wealth of the specific potential of the European regions has not been taken sufficiently into account. This strategy may be enhanced by political approaches, and by improved coordination of sector-specific policies for integrated territorial development whereby cities and regions may be empowered to exploit their latent potential and co-operate effectively on crucial questions.

Interface between sector-specific and structural policies

While economic disparities between have fallen by one-third (Ireland's GDP rose from 64% to 119% of the EU's average between 1988 and 2000), at regional level results have been less good, and even though the average disparity between regions fell by almost a fifth over that period, **disparities at sub-regional level are tending to rise**, particularly in metropolitan

regions: other factors are coming into play, and in particular certain Community policies are having a much greater territorial impact than European regional policy on its own. The problems with the territorial impact of Community policies not implemented at territorial level (the so-called sector-specific policies, such as the CAP or the policies on the environment, transport, competition or research) are nothing new. In the present-day context, a trend towards better territorial cohesion is observable in Community sector-specific policies (changes in CAP, e.g. towards diversification of rural development), but many inconsistencies remain: the implementation of Community policies as national and regional level is tending to diverge ever more greatly; **the Community's sector-specific culture** is more and more at odds with the territorial expectations of local authorities and civil society, and the **governance** of Community policies does not favour the taking into account of the territorial dimension.

Multi-level governance of territories

Restoring the **consistency** between the various interventions at Community (sector-specific or structural), national or regional level in a given area, and improving the interface between the various territorial levels, calls for an enhanced dialogue between the **three levels of territorial operators** (sub-national, national and Community) and a better quality of public-private partnership, as set out in the Commission's White Paper on Governance of May 2001. The European Spatial Development Perspective (ESDP) goes right to the heart of this process of **decentralisation, subsidiarity and governance**. It does not claim in any way to substitute European spatial planning policy for national or regional policies, but calls for these problems to be resolved at the most appropriate possible level, taking into account both the nature of the problems and the types of organisation existing in each country. At the same time it also calls for them to be dealt with at European level, and the contribution of the ESDP is to propose the common European frame of reference needed for cooperation.

The ESDP also incorporates the **sustainable development** approach, stressing the need to hold together the economic, social and environmental components of development and to involve, at different levels, public sector operators as well as business and civil society: in other words, to think in terms of governance and not merely of government.

Coordination at European level

The Commission should deal with coordination at European level, on the basis (inter alia) of the work and instruments of the European Spatial Planning Observatory Network (ESPON). In order for the impact of these policies on sustainable development and the cohesion of the Union to be accurately measured on the basis of the revised ESDP, the Commission should establish a **strategic spatial-impact evaluation procedure**. This procedure would also make it possible to identify interactions between Community policies operating in the same thematic or spatial context.

Economic, social and territorial cohesion, the ultimate objective of spatial planning

Spatial planning is the **expression in spatial terms** of economic, social and cultural policies. The European Union has no power in the field of spatial planning. The treaties make no provision for it, even though it is a sensitive issue for the Member States. The ministers responsible for spatial planning have drawn up guidelines in this area at Community level. For example, at an informal Council (Potsdam 1999) they approved the European Spatial Development Perspective. This non-binding document nevertheless had an important influence in political terms, since it probably led the Convention to include territorial cohesion among the objectives of the Union. The ESDP promotes multicentric development

and a new relationship between towns and rural areas. These objectives were restated at the end of the informal Council of Ministers meeting in Rotterdam in November 2004.

II. Broader objectives and simpler financial instruments for economic, social and territorial cohesion (ESTC)

The reform of the Structural Funds from 2007 has taken this concept on board, since it seeks a strategic improvement of cohesion policy by improving overall consistency, strengthening the regional aspect, and incorporating the territorial dimension into projects. However, there is still progress to be made in giving a territorial dimension to other Community policies with a regional impact.

1. Increasing consistency by reducing the number of objectives and programmes

Reducing the number of objectives over the next programming period should result in greater consistency for the new regional and cohesion policy.

Efforts will be concentrated on three focal points: Convergence, Competitiveness and European territorial Cooperation. These three focal points replace the three objectives of the Structural Funds and the four Community initiative programmes (Interreg, Urban, Equal and Leader+) of the current programming period.

Increasing use will be made of the technique known as mainstreaming, i.e. incorporating the spheres of action of the Community initiatives, and innovative measures, into the objectives and priorities of the operational programmes.

2. Increasing effectiveness by reducing the number of Funds

Five Funds currently exist to finance the objectives established for the period 2000-2006 (four Structural Funds and the Cohesion Fund). After 2007, in the interest of making regional and cohesion policy **less complex and more efficient**, the five existing funds will be replaced by three funds comprising two Structural Funds (ERDF and ESF) and a Cohesion Fund.

In other words, the principle will be “one fund per programme”, except for what are known as infrastructure programmes, where the ERDF and the cohesion fund will work in tandem. This will make it possible to simplify the administration and supervision of the funds, thus improving the effectiveness of their intervention.

3. A regional policy concentrating more closely on the European Union’s priority objectives

The 2000-2006 regional and cohesion policy was aimed at developing the Union with a view to facilitating enlargement, which then became a reality. It now needs to find a new dynamism to meet its new challenges, so that the objective of territorial cohesion will also become a reality, whatever the budget allocated to regional and cohesion policy.

To that end, regional policy needs to:

- be more closely centred on priority objectives such as those set out in the Lisbon and Gothenburg strategies: “a competitive and sustainable knowledge-based economy”;
- concentrate on Community strategic guidelines for cohesion;
- act in a less centralised way, so as to simplify management and obtain the best result

- for the EU and its citizens as a whole;
- take account of specific territorial features, namely the cultural, historical, linguistic and geographical characteristics of each territory.

III. A new process towards the implementation of the objectives and funds of ESTC

1. Putting the Community's ESTC policy on a territorial footing

In its third report on Social and Economic Cohesion (February 2004), the Commission noted that enlargement was accompanied by a significant increase in disparities between regions. Moreover, some regions of the 15-member Europe had not achieved real convergence, and disparities were mounting.

The regions are clearly the most appropriate level for cohesion policy: aware of their abilities and constraints, they are the best qualified to determine needs and to allocate resources as effectively as possible. Accordingly, the Treaty establishing a Constitution for Europe assigns a more important role to the regions, partly in determining their needs and partly in implementing and following up Community objectives with greater financial autonomy. Similarly, the Commission introduced the principle of decentralisation with a view to improving the effectiveness of regional policy. The third report on cohesion advocates sharing the different responsibilities between the authorities responsible for administering the Community budget and ensuring that programmes are properly executed. It distinguishes between the EU on the one hand and the Member States and regions on the other. Decentralisation on these lines seems necessary to ensure that the principles of subsidiarity and good governance are complied with. It should be noted that regions vary in size and powers from one Member State to another, and it seems essential to begin by endeavouring to achieve consistency.

Importance of the regions in determining their needs

The European Constitution strengthens the role of the Committee of the Regions (Article III-365(3)), which is involved as a matter of course in the adoption of European laws and framework laws in the field of ESTC. By direct appeal to the European Court of Justice, it is able to become party to a legal dispute in two areas: respect for its own prerogatives and the subsidiarity principle (Article 8 of the Protocol on the application of the principles of subsidiarity and proportionality). The role of the regions in the governance of structural policies increases in proportion with the degree of centralisation of the Member State. Thus trends within the Community favour these decentralising phenomena in the interest of greater efficiency. The emergence of the regional level, or the reminder of its existence, is a guarantee of partnership and cooperation, and thus of good governance, with the State retaining financial responsibility for the implementation of the Structural and Cohesion Funds.

Greater regional financial autonomy in the implementation and follow-up of Community objectives

The regions have acquired the habit of drawing up their projects in anticipation of the payment of financial amounts from Europe. Accordingly, an increasing proportion of Community programmes is managed by the administrations of the Member States' territorial authorities. In the third report on cohesion, the Commission proposes that each Member State should adopt the reference framework in accordance with the Community's strategic

guidelines on cohesion. Under the Commission's proposal, the rules governing eligibility for expenditure on projects would no longer be EU rules but would be determined in accordance with Member States' procedures. The Member States would have not only to permit but also to encourage the active participation of the regions in drawing up these reference frameworks and in determining the eligibility rules, because the solution to these problems is linked to the implementation of a coherent strategy at the level of the region as a whole. This scenario embodies the effective application of the principles of subsidiarity and of decentralisation at two levels.

To sum up, the regions now represent **the appropriate territorial level** for implementing economic and social development policies.

2. Zoning as applied to European economic and social policies

Regarding economic, social and territorial cohesion, there is a need for an interface between the regional, state and Community levels, as well as between the different Community policies.

Increasing consistency by giving a territorial dimension to EU sector-based policies

The sector-specific nature of Community policies is being called more and more into question, because it runs the risk of neglecting territorial disparities, with negative effects on the global competitiveness of the Union's economy. It is essential to remedy this situation and to achieve more balanced development by reducing the existing disparities, avoiding territorial imbalances and giving greater consistency both to sectorial and regional policies. The spatial coordination of development measures will make Community policies as a whole more consistent and compatible, and will have the benefit of enhancing cohesion. Moreover, taking account of specific territorial characteristics will improve the effectiveness of the policies carried out, and the regions are well placed to do this. In the same spirit, cooperation between regions should be encouraged. Accordingly, the increasing role of local authorities in the negotiation, implementing and monitoring phases of sector-specific policies contributes to territorial cohesion.

Replacing a volume-based process with a flow-based process

The desire on the part of certain states to reduce the Community budget, and thus the amounts available for regional policy, linked to the phenomenon of phasing out (exceeding the 75% GDP threshold following the statistical effect of enlargement), means that new forms of the utilisation of funds have to be found by according special status to the lever effects – both financial and geographical – of regional policy. The increased interdependence of Community policies calls for greater consistency between them to boost their dynamism and effectiveness. A better result could be obtained with less funding effort by optimising the use of the resources available. To that end the Commission's proposal for 2007-2013 introduces decentralisation and concentration via the **“one fund per programme” principle**.

Reducing inter-regional disparities

One of the objectives of the Union is economic and social cohesion. This will never exist in reality without territorial cohesion, and that in turn will not exist unless we reduce the structural disparities between the regions. Accordingly it is the regions which must cooperate among themselves to resolve their problems and discover ways of succeeding, in order to enhance regional cohesion and permit social and economic cohesion.

The Community initiative Interreg was well conducted, and the border regions profited from it. The new objective of European territorial cooperation, inspired by the experience of Interreg, will boost cooperation at three levels: cross-border, transnational and inter-regional. To step up transnational cooperation, one Strategic Committee per programme should be set up alongside the Programmes Management Committee, with the role of defining the structural axes of regional development.

